

Message Text

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PAGE 01 ROME 14962 151951Z

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INFO AMCONSUL FLORENCE UNN

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AGS: BEXP, IT

SUBJ: ITALY FY 76 COUNTRY COMMERCIAL PROGRAM -FIRST QUARTERLY
REPORT

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C) STATE 244219

1. CCP CAMPAIGN ACTIVITY HAS BEEN A GOOD DEAL MORE INTENSE
IN THE FIRST QUARTER THAN FORESEEN IN THE FY 76 PROGRAM. AS
DETAILED BELOW THIS HAS BEEN TRUE FOR ALL CAMPAIGNS, MOST
OF WHICH HAVE OVERFILLED FIRST QUARTER TARGETS. EVEN THE
NUMBER OF BSP'S AND PTO'S HAVE HELD UP BETTER THAN EXPECTED
DESPITE THE VERY SLOW PACE OF ITALIAN BUSINESS THROUGH
MID-SEPTEMBER. WE HAVE IN MOST CASES BEEN UNABLE TO SCHEDULE
USE OF PRESS BACKAGES SINCE WE HAVE NOT RECEIVED THEM;
EXCEPTIONS ARE THOSE FOR PROCESS CONTROLS AND POLLUTION
CONTROL, WHICH WE HAVE RECEIVED AND HAVE INCORPORATED MUCH OF
THE MATERIAL IN ISSUES OF SCAMBI COMMERCIALI, THE EMBASSY'S
COMMERCIAL NEWSLETTER.

UNCLASSIFIED

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PAGE 02 ROME 14962 151951Z

A) CAMPAIGN NO. 1 - COMPUTERS AND RELATED EQUIPMENT. PTO'S ARE DOING BETTER THAN SCHEDULED, BSP'S LESS WELL, NO PROBLEM FORESEEN IN MEETING ANNUAL TARGETS, SINCE MOST ACTIVITY WILL COME IN SECOND HALF OF FISCAL YEAR. WE HAVE NOT RECEIVED THE MEDIA PACKAGE AND CONSEQUENTLY HAVE NOT PROGRAMMED IT.

B) CAMPAIGN NO. 2 - PRINTING AND GRAPHIC ARTS EQUIPMENT. EXCEPT FOR LACK OF OVERSEAS PRODUCT SALES, THIS CAMPAIGN IS ON TARGET. THIS CAMPAIGN MUST BE WHOLLY REVISED DUE TO MTC CHANGES.

C) CAMPAIGN NO. 3 - WATER AND AIR POLLUTION CONTROL EQUIPMENT. THIS CAMPAIGN IS WELL OVER TARGET. A SPECIAL ISSUE OF SCAMBI COMMERCIALI DRAWING ON USIA-SUPPLIED MATERIAL IS AT THE PRINTERS.

D) CAMPAIGN NO. 4 - ELECTRONIC COMPONENTS AND ELECTRONIC INDUSTRY PRODUCTION EQUIPMENT. WE HAVE NOT RECEIVED THE PRESS PACKAGE, OTHERWISE CERP REQUIREMENTS HAVE BEEN MET. ADDITIONALLY, THERE HAVE BEEN A NUMBER OF PTO'S AND BSP'S. WE ALSO PROVIDED EXTENSIVE SUPPORT TO U.S. PARTICIPATION IN NUCLEX.

E) CAMPAIGN NO. 5 - MACHINE TOOLS AND SPECIALIZED MACHINERY. BECAUSE OF ACTION CALENDAR CHANGES, FIRST QUARTER TARGETS IN THE CCP HAVE LITTLE MEANING. NEVERTHELESS THIS CAMPAIGN HAS BEEN ACTIVE (PTO'S, INDUSTRY CALLS AND BSP'S).

F) CAMPAIGN NO. 6 - PROCESS CONTROL EQUIPMENT AND INSTRUMENTATION. THIS CAMPAIGN IS ON TARGET.

G) CAMPAIGN NO. 7 - TEXTILE AND CONSUMER PRODUCTS. CERP REQUIREMENTS ARE UNDER PREPARATION AND WILL BE SUBMITTED IN OCTOBER. PRESS PACKAGE NOT RECEIVED. THERE HAS, IN ADDITION TO AGREED TARGETS, BEEN A FLURRY OF ACTIVITY IN PTO'S AND BSP'S.

H) CAMPAIGN NO. 8 - MAJOR PROJECTS.

1) PRINCIPAL ADDITION TO MAJOR PROJECTS CAMPAIGN HAS BEEN UNCLASSIFIED

UNCLASSIFIED

PAGE 03 ROME 14962 151951Z

BILLION DOLLAR CONTRACT WON BY I.R.I. FIRM SOCIETA' ITALIANA PER CONDOTTE D'ACQUA TO BUILD PORT AND SUPPORTING FACILITIES AT BANDAR ABBAS, IRAN. AT DEPARTMENT'S REQUEST, EMBASSY HAS CONTACTED PROJECT OFFICER IN CONDOTTE AS REPORTED ROME 9451 AND 10683. CONTRACT WAS OFFICIALLY SIGNED ON SEPTEMBER 16 AND EMBASSY NOW SCHEDULING FURTHER CONTACTS IN EFFORT SECURE ADDITIONAL INFO ON EQUIPMENT NEEDS. EMBASSY WOULD NOTE THAT WHILE MOST PURCHASING DECISIONS ON THIS PROJECT WILL BE MADE

IN ITALY, RESULTS WILL APPEAR IN IRAN'S IMPORT FIGURES RATHER THAN ITALY'S.

2) EMBASSY HAS BEEN MAINTAINING CONTACTS WITH E.N.E.L. IN REGARD TO THAT AGENCY'S ENERGY PROGRAM (PARTICULARLY NUCLEAR ENERGY). DURING THESE CONTACTS, EMBOFFS HAVE EXAMINED E.N.E.L.'S INTENTION TO CALL FOR BIDS ON EIGHT REGIONAL ENERGY SYSTEM MONITORING CENTERS (TOTAL VALUE 23-30 MILLION DOLS). BELIEVE THESE CONTACTS TOGETHER WITH RECENT EMBASSY-ASSISTED VISIT TO U.S. BY E.N.E.L. OFFICIALS CONTRIBUTED TO E.N.E.L. DECISION TO INVITE BIDS FROM FOUR MAJOR U.S. FIRMS IN FIELD (CDC, IBM, ROCKWELL, AND TRW) BUT NOT SWEDISH AND BRITISH FIRMS WHICH OFFER COMPETING SYSTEMS.

3) IN AUGUST, INTERMINISTERIAL COMMITTEE ANNOUNCED COMMITMENT OF 258 BILLION LIRE (\$375 MILLION) TO COMPLETE DE POLLUTION OF BAY OF NAPLES. AMCONSUL NAPLES REPORTED (NAPLES 1083) AWARDED OF \$130 MILLION IN CONTRACTS FOR SPECIFIC DE POLLUTION PLANTS AND IDENTIFIED WINNING FIRMS WHICH ARE POTENTIAL CUSTOMERS FOR U.S. EQUIPMENT.

4) AS REQUESTED BY DEPARTMENT, EMBASSY AND AMCONSUL MILAN HAVE BOTH HAD CONTACTS WITH AGIP IN SUPPORT OF FLUOR-UTAH BID FOR CONTACT ON URANIUM EXTRACTION PLANT. UNFORTUNATELY IT HAS NOW EMERGED THAT U.S. EXPORT VALUE OF CONTRACT IS ONLY ONE TO 2 MILLION DOLLARS.

5) OTHER ASPECTS OF CAMPAIGN UNCHANGED.

1) CAMPAIGN NO. 9 - DEVELOPMENT OF TRAVEL TO THE U.S. ALL ITEMS ON TARGET. IN ADDITION WE HAVE ARRANGED WITH USTS PARIS FOR MATERIALS WHICH WE WILL MAKE AVAILABLE TO THE TRADE.

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PAGE 04 ROME 14962 151951Z

2. NON-CAMPAIGN ACTIVITY HAS BEEN CONSIDERABLY MORE TIME-CONSUMING THAN FORESEEN. THIS HAS BEEN PARTICULARLY TRUE IN THREE AREAS. INVESTMENT: A FIAT HOLDING COMPANY IS NEGOTIATING THE PURCHASE OF THE OKONITE CO., A U.S. CABLE MANUFACTURER. THE PROBLEMS OF U.S. COMPANIES WITH MANUFACTURING FACILITIES IN ITALY HAVE MULTIPLIED AND BEEN A CONSIDERABLE DRAW ON CCP RESOURCES. MARKET RESEARCH HAS REQUIRED MORE TIME AS THE NEED FOR NEW THEMES BECAME APPARENT IN LIGHT OF RECRUITMENT DIFFICULTIES WITH OLD TO MARKET COMPANIES BECAUSE OF THE NEW MTC FEE STRUCTURE. FINALLY, ADMINISTRATION OF THE CCP ITSELF HAS BEEN PARTICULARLY BURDENSOME AS IT BECAME NECESSARY TO ACCOMMODATE A GREAT MANY CHANGES IN THE ORIGINAL PROGRAM.

3. FINANCIAL RESOURCES IN SUPPORT OF CCP AS REFLECTED IN INITIAL ALLOTMENT ARE WELL BELOW FIGURES REQUESTED IN FY 76 COMMERCIAL BUDGET (ROME 8335, 6/17/1974) OR PROVIDED FOR IN CCP. IF THIS SITUATION IS CONFIRMED IN SECOND QUARTER, CCP MAY NEED TO BE REVISED TO REFLECT ACTUAL AVAILABILITY OF SUPPORTING FINANCIAL RESOURCES.

4. SEPTTEL FOLLOWS ON CCP REVISIONS DISCUSSED IN REF BL.VOLPE

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